



H.R. 2705 – Compacts of Free Association Amendments Act of 2007

FLOOR SITUATION

H.R. 2705 is being considered on the floor under suspension of the rules and will require a two-thirds majority vote for passage. This legislation was introduced by Delegate Donna Christensen (D-VI) on June 13, 2007. The bill was referred to the Committee on Foreign Affairs and was ordered to be reported, as amended, by unanimous consent.

H.R. 2705 is expected to be considered on the floor on November 13, 2007.

SUMMARY

H.R. 2705 amends the Compacts of Free Association Amendments Act of 2003 (P.L. 108-188) to allow unobligated funds from the compacts to be available to U.S. Agency for International Development (USAID) and the Federal Emergency Management Agency (FEMA) for disaster assistance activities in the Federated States of Micronesia and the Republic of the Marshall Islands. Furthermore, the bill grants Micronesia, the Marshall Islands, and Palau the authority to videotape U.S. television programming for rebroadcast at a later time (given the time difference) without infringing on U.S. copyright laws.

The bill makes a technical correction allowing Palau to utilize certain education benefits available under the Compact. It also allows Palau to use money owed to the United States for maintenance of its road system (\$3 million according to Congressional Budget).

In order to avoid potential PAYGO objections, the suspension incorporates H.R. 3912, The Naval Vessel Transfer Act of 2007, which was introduced by Rep. Lantos (D-CA) and approved by the Foreign Affairs Committee by unanimous consent on October 23, 2007. This provision provides the Navy a 2-year authorization to transfer, by grant and sale, specific excess decommissioned naval vessels to specific foreign countries. This provision has a net positive revenue impact.

BACKGROUND

Following World War II, the United States administered Micronesia and the Marshall Islands as United Nations Trust Territories until 1986, when they decided to become sovereign states. The United States entered into the Compacts of Free Association in

1986 to provide self government for these island nations, to promote economic development, and to continue advancing shared security objectives. The agreements allow the U.S. to establish military facilities in these nations. Citizens of these countries are eligible for many U.S. federal programs. Palau entered into the Compacts of Free Association in 1994.

U.S. financial assistance for Micronesia and the Marshall islands is provided through grants and deposits to trust funds of the countries. [According to a 2007 report by the Government Accounting Office](#), the goals of self governance and strategic security were attained prior to the last time Congress amended the law (P.L. 108-188), in 2003. There had not been, however, substantial progress on the economic development front.

The changes made to the Compact in 2003 established trust funds committees and altered the grant assistance in an effort to enhance oversight and performance. GAO's 2007 conclusions highlight the challenges facing the Marshall Islands in reaching the economic development goals and in effectively using its grant assistance.

COST

The Congressional Budget Office (CBO) estimates that implementing the bill “would cost \$5 million in 2008, \$6 million over the 2008-2012 period, and \$7 million over the 2008-2017 period. ([CBO Estimate: H.R. 2705, 10/30/2007](#))

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